

(For candidates admitted from 2006-2007 onwards)

DIPLOMA EXAMINATION, NOVEMBER 2020.

Co-operative Management

FINANCIAL ACCOUNTING AND AUDITING

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 2 = 20)

Answer ALL questions.

1.

Define vouching.

2.

Brief single entry system.

3.

Write a note on ledger.

4.

Mention few transactions under liability side of balance sheet.

5.

Brief about bills payable.

6.

What do you mean by petty cash?

7.

Write a note on book keeping.

8.

Write a note on financial accounts.

9.

List any two advantages of audit.

10.

What do you mean by rectification of errors?

SECTION B — (5 × 6 = 30)

Answer ALL questions, choosing either (a) or (b).

11.

a) Differentiate accounting and auditing.

Or

b) Prepare general journal entries for the following transactions of a business called prose for Pics in 2016.

- Aug. 1 Hashim Khan, the owner, invested Rs. 57,500 cash and Rs. 32,500 of photography equipment in the business.
- 4 Paid Rs. 3,000 cash for an insurance policy covering the next 24 months.
- 7 Services are performed and clients are billed for Rs. 10,000.
- 13 Purchased office supplies for Rs. 1,400. Cash paid Rs. 400 and remaining outstanding.
- 20 Received Rs. 2,000 cash in photography fees earned previously.
- 24 The client immediately pays Rs. 15,000 for services to be performed at a later date.
- 29 The business acquires photography equipment. The purchase price is Rs. 1,00,000, pays Rs. 25,000 cash and signs a note for the balance.

12.

a) Explain the types of subsidiary books.

Or

b) Explain the golden rules of accounting.

13. a) Prepare a trading account for the year ended 31<sup>st</sup> December 1999.

	Rs.
Opening stock	5,730
Purchases	1,58,000
Purchases returns	900
Sales	2,62,000
Sales Returns	600
Closing stock was valued at	8,600

Or

- b) Write the Performa of Bank reconciliation statement.

14.

- a) Explain the points to be considered while examining the vouchers.

Or

- b) How would you vouch the credit sales?

15.

- a) Explain the liabilities of auditor.

Or

- b) Differentiate internal check and internal audit.

SECTION C — (5 × 10 = 50)

Answer ALL questions, choosing either (a) or (b).

16.

a) What is an outstanding liability? How would you adjust it?

Or

- b) Record the following transaction in a suitable cashbook of Ms. Anjum Iqbal for the month of March 2017, and show the closing balances of cash and bank (all figures in rupees).

	Rs.
March 1 He had cash in hand	50,000
2 Opened a Bank account	30,000
4 Received cash from customer Ahmed	4,000
6 Paid to creditor Ali by Bank	500
7 Purchase by cash	1,000
10 Rent paid	250
11 Owner with drawn by bank	3,000
12 Cash sales	5,000
14 Received check from Debtor Jamal	10,000
15 Paid wages	200
17 Buy furniture paid check	4,000

	Rs.
19 Cash purchases of inventory	3,000
20 Deposited Jamal's cheque	10,000
21 Drawing by cash	1,500
22 Paid electricity bill by check	350
23 Taxes payment made	100
24 Merchandising purchases by bank	7,000
25 Sales by check (not deposited)	12,000
26 Sales to Bilal on credit	5,000
27 Purchase Machinery	2,000
28 Received debtor's check and deposited	3,000
29 Paid railway freight by bank	250
29 Purchase stamps and stationery	20
30 Withdrawal cash for business use	2,500

17.

a) Explain the methods of depreciation.

Or

- b) From the following particulars related to Arman point, prepare a receipt and payment account for the year ending 31<sup>st</sup> March 2018.

Particulars	Amount	Particulars	Amount
Opening cash balance	500	Sales of old sports materials	600
Opening bank balance	3,600	Donation received	2,300
Subscriptions collected for		Rent paid	1,500
2016-17	250	Sports materials purchased	2,400
2017-18	3,800	Purchase of refreshments	300
2018 -19	<u>450</u>	Expenses for maintenance	1,000
Sales of refreshment	500	Salary paid	1,250
Entrance fees	500	Tournament expenses	1,200
		Furniture purchases	750
		Office expenses	600
		Closing cash in hand	200

18.

- a) Explain the single entry system with its types.

Or



- b) From the following particulars, prepare a Profit and loss account for the year ending 31<sup>st</sup> December 2010.

	Rs.		Rs.
Gross profit	21,05,000	Discount allowed	30,000
Trade Expenses	20,000	Lighting	7,800
Carriage on sales	1,00,000	Commission received	8,400
Office salaries	1,58,000	Bad- debts	12,000
Postage and telegram	7,200	Discount (Cr.)	6,000
Office rent	7,500	Interest on loan	22,000
Legal charges	4,000	Stable expenses	14,000
Audit fee	16,000	Export duty	23,000
Donation	11,000	Miscellaneous receipts	5,000
Sundry Expenses	3,600	Unproductive Expenses	41,000
Selling Expenses	53,200	Traveling Expenses	25,000

19.

- a) What steps would you take to vouch the cash sales?

Or

- b) Enumerate the rights and liabilities of auditor.

20.

- a) Explain the contents that an audit report must have and explain how you will prepare it?

Or

- b) What are the final accounts and their uses?
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